



Quick Facts about **Your Current Prescription Drug Coverage** and Medicare's New Coverage for Prescription Drugs

Starting January 1, 2006, Medicare will offer prescription drug coverage for everyone with Medicare. For many people, if they decide to join after May 15, 2006 they will have to pay a penalty (a higher monthly premium). You won't have to pay a penalty if you have current prescription drug coverage that "on average, is at least as good as standard Medicare prescription drug coverage." You may have heard or read that the technical term for this kind of coverage is "creditable coverage." This fact sheet helps explain what creditable prescription drug coverage means.

Do I need to know if my coverage is creditable?

You need to know if your current prescription drug coverage is "creditable" if you already have prescription drug coverage from any of the following sources:

- Your or your spouse's employer or union
- A Medigap (Medicare Supplemental Insurance) policy
- A health insurance policy
- The Department of Veterans Affairs
- TRICARE
- The Federal Employees Health Benefits Program
- A Program of All-Inclusive Care for the Elderly (PACE)
- Indian Health Service, Tribe, or Urban Indian Organization
- Your State's high risk pool



What do I need to know?

- If you have creditable prescription drug coverage, it simply means that your current prescription drug coverage, on average, is at least as good as Medicare's standard prescription drug coverage.
Your insurer or other plan provider will notify you by November 14, 2005, to let you know if your current drug coverage is creditable coverage.
- If your current coverage is **creditable**, and you don't have a break in coverage (more than 63 days without creditable coverage), you will not have to pay a penalty if you decide to enroll in Medicare prescription drug coverage after May 15, 2006.
- If your current coverage is **not creditable**, and you wait until after May 15, 2006 to enroll in Medicare prescription drug coverage, you will pay a penalty. Your premium cost will go up at least 1% per month for every month that you wait to join. You will have to pay this penalty for as long as you have Medicare prescription drug coverage.
- Contact your insurer, benefits administrator, or other plan provider if you don't get information about creditable coverage from them by November 14, 2005.
- Talk to your insurer, benefits administrator, or other plan provider before you make any changes to your prescription drug coverage.

Caution: If you decide to enroll in a Medicare prescription drug plan and drop your current prescription drug coverage, you may not be able to get this coverage back. Also, if your prescription drug coverage is provided together with your medical coverage, you may not be able to drop just the prescription drug benefit.

How can I get more information?

Detailed information from Medicare will be available in October 2005. You can look at the "Medicare & You 2006" handbook, visit www.medicare.gov on the web, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For more information on who can get extra help with prescription drug costs and how to apply, call the Social Security Administration at 1-800-772-1213, or visit www.socialsecurity.gov on the web. TTY users should call 1-800-325-0778. You can also look for local Medicare-related events.